



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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November 7, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

### New Democratic Health Care Plan

Yesterday, Assembly Speaker Fabian Nuñez and Senate President Pro Tem Don Perata held a press conference to unveil the Democrats' new health care plan. The new proposal retains some of the provisions of AB 8 (Nuñez/Perata), which was vetoed by the Governor last month, and also contains elements of the Governor's Health Care plan, including the provision to mandate all Californians to obtain health insurance with some exceptions. The key elements of the plan include:

- Assessment of an employer fee based on a sliding scale that would require:  
1) firms with payrolls of up to \$100,000 annually to contribute two percent (2.0%);  
2) firms with payrolls greater than \$100,000 up to \$250,000 annually to contribute four percent (4.0%); and 3) firms with payrolls above \$250,000 annually to contribute six and a half percent (6.5%).
- A combination of a four percent fee on hospital revenues, and a \$2 per pack increase in the tobacco tax to help finance the proposal. Speaker Nuñez indicated that the tobacco tax will generate an estimated net revenue of

\$1.8 billion. It is anticipated that the funding mechanism for the new proposal will be part of a ballot initiative in the November 2008 election.

- Establishment of an individual mandate for all Californians to obtain health care coverage that allows for exemptions of individuals who cannot afford to purchase health insurance. Affordability will be defined as where the total cost sharing is 6.5% or less of family income for the minimum mandated policy.
- Health care coverage for all children, including those who are undocumented, and their parents up to 300 percent of the Federal Poverty Level (FPL). Single, childless adults would be covered by Medi-Cal up to 250 percent of FPL. Individuals with incomes between 250 to 450 percent of FPL who are not eligible for public programs would receive tax subsidies through a State purchasing pool for health care coverage.
- Establishment of a Local Coverage Option for single, childless adults, with incomes below 100 percent of FPL.
- Establishment of a County Share of Cost concept that assumes counties will spend less money to serve the uninsured because most of these individuals will be covered through some form of health coverage which would generate counties' savings to be transferred to the State to fund other components of the proposed health reform initiative.

Attached is a copy of the Speaker's press release. The Assembly Health Committee is scheduled to hear the proposal on Wednesday, November 14, 2007, and the Speaker has indicated that he hopes to have a full vote in the Assembly before, or shortly after, the Thanksgiving holiday. The Senate schedule is unclear at this time.

#### **Extraordinary Session Health Committee**

In addition to the unveiling of the Democratic compromise health proposal, Speaker Nuñez also appointed the following 18 Assembly members to serve on the Assembly Health Committee for the 2007-08 first extraordinary session:

Mervyn Dymally, Chair	(D-Los Angeles)
Alan Nakanishi, Vice Chair	(R-Lodi)
Karen Bass	(D-Los Angeles)
Patty Berg	(D-Eureka)
Hector De La Torre	(D-South Gate)
Kevin De León	(D-Los Angeles)
Mark DeSaulnier	(D-Martinez)

Each Supervisor  
November 7, 2007  
Page 3

Bill Emmerson	(R-Redlands)
Mike Eng	(D-Monterey Park)
Ted Gaines	(R-Roseville)
Mary Hayashi	(D-Hayward)
Ed Hernandez	(D-Baldwin Park)
Bob Huff	(R-Diamond Bar)
Dave Jones	(D-Sacramento)
Sally Lieber	(D-Mountain View)
Fiona Ma	(D-San Francisco)
Mary Salas	(D-Chula Vista)
Audra Strickland	(R-Camarillo)

We will continue to keep you advised.

WTF:GK  
MAL:IGA:acn

#### Attachment

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants

**SPEAKER FABIAN NÚÑEZ**  
**46TH ASSEMBLY DISTRICT**

**For Immediate Release:** November 6, 2007

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**Speaker Núñez and Senate Leader Perata  
Unveil New Democratic Health Care Plan**

*Country's Largest Health Care Expansion in Decades, Strong Affordability and Transparency Provisions Included*

**SACRAMENTO**—Senate President pro Tem Don Perata (D-Oakland) and Speaker Fabian Núñez (D-Los Angeles) today unveiled a new Democratic health care plan.

"I think this is a bill that all Californians can be proud of because it provides universal health care; it has the right affordability provisions in it; and it once again sets a gold standard for California," Speaker Núñez said.

"This proposal shows significant movement while maintaining the values of AB 8 in terms of affordability and fiscal responsibility," Senator Perata said.

The new Democratic bill includes the core principles of Assembly Bill 8, the Democratic plan vetoed by the Governor last year, while meeting the Governor halfway on other key elements of health care reform. Specifically, the new health care plan:

- Establishes an individual mandate for most Californians but exempts people who cannot afford to purchase insurance. Affordability is met when the total cost of health insurance is 6.5% or less of a family income.
- Covers all children and parents up to 300% of the federal poverty line.
- Covers all single adults through Medi-Cal up to 250% of the federal poverty line.
- Provides individuals with incomes 250-450% of the federal poverty line not eligible for public programs with an advanceable, refundable tax subsidy to help purchase coverage.
- Ensures that nobody earning between 0-150% of the federal poverty line will be required to pay premiums, co-payments, or deductibles.
- Requires the Managed Risk Medical Insurance Board (MRMIB) to establish the minimum benefits package suitable for coverage in California.
- Contains significant cost-containment measures, including allowing the state to pursue bulk purchasing of pharmaceuticals and requiring transparency from hospitals.

In addition to cost-containment measures, the bill is financed through a combination of fees and taxes, including:

- A \$2 per pack increase in the tobacco tax.
- An employer fee assessed on a sliding scale. Employers with payrolls up to \$100,000 would be expected to contribute at least 2% of payroll. Employers with payrolls from \$100,000 to \$250,000 would be expected to contribute at least 4% of payroll. Employers with payrolls above \$250,000 would be expected to contribute at least 6.5% of payroll. In addition, employers would be expected to either offer insurance to part-time employees or contribute to the public purchasing pool for those employees.
- A hospital fee assessed at 4% of revenue.